

Research St. Joseph's – Hamilton (RSJ-H)		<b>Pages</b> 1 of 2	<b>Number</b> 030-RSJ-H
<b>Policy Title</b> Endowed Funds		<b>Date</b> 19 January 2015	
<b>Supersedes</b> New policy	<b>Cross Reference</b> 031-RSJ-H, 035-RSJ-H	<b>Issuing Authority</b> RSJ-H Board of Directors	
<input checked="" type="checkbox"/> Charlton Campus	<input checked="" type="checkbox"/> West 5th Campus	<input checked="" type="checkbox"/> King Campus	

*Position responsible for developing and maintaining the policy: RSJ-H Scientific Director*

## 1.0 PURPOSE AND GOALS

Research St. Josephs - Hamilton (RSJ-H) is a Scientific Research and Experimental Development (SR&ED) tax credit eligible institution as defined by Revenue Canada. This designation encourages investment in research at St Joseph's Healthcare Hamilton (SJHH). Investments or donations in the form of endowments are intended to provide research funding support in perpetuity and, accordingly, is invested with a long-term horizon. The purpose of this policy is to clarify the financial and management reporting responsibilities. This policy is not intended to cover all aspects of endowment management, administration and compliance. For example, this policy does not cover the rules and requirements relating to the financial accounting and reporting of endowment funds.

## 2.0 DEFINITIONS

**Trust Funds** – A category of account which holds funds received by RSJ-H that have conditions and/or legal requirement for use agreed upon by the investor/sponsor/donor and RSJ-H, or terms for use established by RSJ-H.

**General Perpetual Trust** – Externally restricted, endowed trust funds where the donation or investment is non-expendable and from which only income earned be expended.

**General Long-term Trust** – Externally restricted, endowed trust funds from which both the income earned and the capital will be expended.

## 3.0 POLICY

### 3.1 General Rules

All investments with the intention of claiming Scientific Research and Experimental Development (SR&ED) tax credit are processed through RSJ-H.

All trust funds are to be opened according to established criteria as per item 4.0.

Income is distributed to the recipient's research account in accordance with the investor's direction and RSJ-H policy.

The principal balance of the investment is invested by the external financial managers of SJHH unless other special arrangements are identified and agreed to by all parties.

These Research St. Joseph's - Hamilton policies are **CONTROLLED** documents as are all management system files on the intranet. Any documents appearing in paper form are not controlled and should **ALWAYS** be checked against the intranet version (electronic version) prior to use.

The endowment should provide the same level of support for a designated research program this year, next year, and for decades into the future. Research St. Joseph's – Hamilton's objective is to preserve the real purchasing power of the endowment by seeking long-term returns.

### **3.2 Purposes of Endowed Funds**

Investors/donors may designate the terms and restrictions of an endowment.

Expenditures must follow all RSJ-H policies, specifically for discretionary funds (Policy 035-RSJ-H *Discretionary Accounts*) and allowable expenses (Policy 031-RSJ-H *Allowable and Non-allowable Business Expenses*).

Funds can be used to support the direct or indirect costs of research.

### **3.3 Investment Objective**

The primary investment objective of the Endowment Fund is to produce a rate of total return which will permit maximum support for the researcher or research program that is expected to annually equal the average return net of fees over 3 years.

## **4.0 PROCEDURE**

### **4.1 Establishing an Endowment Fund**

Prior to soliciting or accepting any gift that establishes an endowment fund, the responsible parties (researcher and/or research group, the St. Joseph's Healthcare Foundation and the RSJ-H Scientific Director) must understand the proposed terms of the endowment fund and the restrictions on spending and use. They must have confidence that the researcher or research group will be able to administer and spend in accordance with those terms and restrictions.

Prior to acceptance all investment agreements must be approved by the RSJ-H Scientific Director and the SJHH Chief Financial Officer.

The principal balance of the investment will be administered by the SJHH Finance department. A RSJ-H account will be established in order to track expenses and deposit annual investment income from the principal balance.

## **5.0 DOCUMENTATION**

Documentation of any terms and restrictions associated with the investment must be provided to the Finance department and Research St. Joseph's - Hamilton at the time of account opening.